

There is a growing populist view that foreign investment is bad for Australia: it takes jobs away, takes profits out of the country and foreigners end up owning our land.

This view is mistaken and damaging to our future job growth, prosperity and potential as a nation.

Foreign investment has been critical to Australia's unparalleled 27 years of continuous economic growth.

Yet even as the benefits of foreign capital inflows continue to flow and grow, populist agendas threaten our capacity to compete for the capital we need to develop our resources, technology and the next generation of jobs and resources professionals.

Australia has been built on foreign investment. It has helped our country to grow stronger and funded our roads, railways, communications, ports, dams, energy and other infrastructure – the building blocks of our industries and a more prosperous nation.

It is a happy coincidence that we are part of Asia and endowed with the natural resources required by rapidly growing economies in Asia to cater for increased urbanisation and rise into middle class.

Decades of planning, effort and foreign investment have put into place the infrastructure, skills and production capacity required to supply growing economies in our region.

This foresight has enabled us to build infrastructure and develop technologies that have made Australia a leading exporter of minerals and energy globally, and the beneficiary of the income and technology it has provided.

Adding value to Australia

The value of foreign direct investment (FDI) in Australia's resources sector increased eight-fold between 2001 and 2017, from \$36.8 billion to \$315.3 billion.

The resources sector is the largest destination of FDI, accounting for more than 37 per cent.

Over the same period, the number of Australians directly employed in the resources sector grew from about 80,000 to 220,000.

And the value created by FDI in minerals is overwhelmingly retained in Australia, with 77 per cent of revenues earned by the nation's major iron ore producers staying in Australia as payments to suppliers or taxes and royalties to governments.

In 2017-18 export income from resources and energy was \$221 billion, or 55 per cent of the total income we earned from trading in goods and services.

That income supported the jobs and families of almost 1 million Australians, with the majority of those living in rural and regional Australia.

Every one of us, whether we live in regional or metropolitan Australia, directly benefits from mining and its products.

We benefit from the \$203.6 billion in company tax and royalties paid by mining companies in the 12 years between 2005-06 and 2016-17. In 2016-17 alone, \$23.3 billion in company tax and royalties – or an effective tax rate of 51 per cent – helped fund our teachers, healthcare professionals and hospital staff, police and firefighters.

The investment in technology research is often co-funded by the companies that invested in our resources projects as they seek to meet the demand for minerals and energy at home.

For example, six decades of investment by Japan have built a platform of co-operation on advanced manufacturing, tourism, infrastructure, ICT, finance and agribusiness and a two-way investment relationship of \$322 billion.

In 2016 there were 421 Japanese companies and subsidiaries operating in Australia, with the top 100 companies employing more than 58,000 people.

Widespread benefits

We all benefit from the technologies emerging from the research our mining sector supports in partnership with universities and technology companies, with technologies adopted and applied to progress efficient and sustainable energy, agriculture, water and land management.

Those technologies also help us efficiently and sustainably produce the premium-quality metallurgical coal and iron ore that allow the growing economies of Asia to urbanise.

This innovation also helps us find and produce the copper, gold, rare earth metals, lithium, uranium, cobalt and other minerals essential to the development and deployment of the next generation of technologies for energy production, transformation, transportation and end use.

And while our researchers collaborate with our investment partners, we continue to supply high-grade uranium, coal and gas to the growing Asian region, reducing the higher emissions generated from the lower-grade coal that would otherwise be used.

Without the investment in technologies that drive efficient production of these resources, there would be no copper to wire the windfarms, electric cars, houses and technologies we enjoy today – let alone the advances needed for the next generation smartphone, laptop, generator or battery.

Without foreign investment, Australians would not have enjoyed the transfers of technology, skills and capabilities and access to global supply chains and export markets that have increased average household real income by \$8448 a year between 1986 and 2016.

For the past 40 years foreign investment has filled the shortfall in the country's capital requirements, averaging 4 per cent of GDP. But we can't afford to be complacent, as the annual review of investment by the United Nations Conference on Trade and Development shows global direct investment flows to Australia fell sharply by 23 per cent in 2017 to 2.4 per cent of global GDP.

Without foreign investment, Australia would need to take on additional debt or forgo the benefits of finance and technology inflows – and we will all be the poorer for it.

It's time to look beyond narrow populism and ensure our policy and regulatory settings support Australia's attractiveness as a destination for foreign investment. Australians depend on it.